



Student Financial Assistance
We help put America through school



Performance Plan

PROGRESS REPORT ♦ 1st Quarter Fiscal Year 2001

OBJECTIVE ONE

Customer Satisfaction

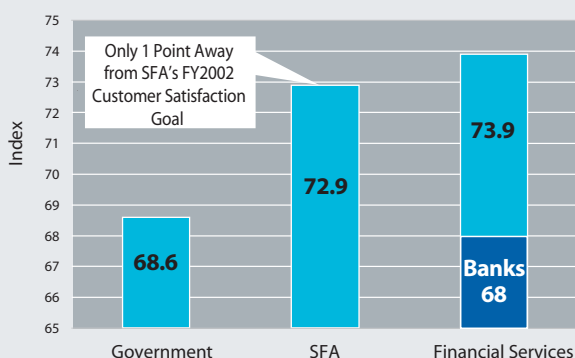
■ Using the University of Michigan's American Customer Satisfaction Index, SFA achieved an index of 72.9, up from last year's baseline of 63. This increase is the largest increase in customer satisfaction among the 30 federal agencies that participated. Until two years ago, the index measured only private businesses; financial analysts look to the index as an indication of a company's future success. SFA's index is only one point away from its three-year goal set in 1999 to score as high as the private financial services companies by 2002. SFA has prioritized customer service, and to improve service, has moved toward e-business at lightning speed. The office's high customer satisfaction index reflects its efforts.

■ The Electronic Access Conferences, hosted annually by SFA, help thousands of school financial aid administrators better understand SFA's programs and processes. The 2000 conferences, based on the theme "Get Connected," were held in Dallas, Atlanta, and Phoenix. Each conference provided attendees with three full days of information and access to all SFA systems; attendees could choose from more than 40 sessions. Attendees rated these conferences as the best ever offered by any federal agency, bank, or other organization.

■ All schools now have a single point of contact at SFA to answer their questions about financial aid. In response to customer suggestions to simplify its system, SFA created this new approach. Instead of keeping track of different help lines for different programs, school and financial aid administrators can now call 1-800-4ED-SFAP to get all of their financial aid questions answered.

■ SFA mailed its most comprehensive package of federal financial assistance materials ever to high schools in fall 2000. The "Care Package" is designed to empower both high school counselors and students. It contains the *High School Counselor's Handbook*, a 19-minute "School Shopping Tips" video, a brochure listing the various services available through SFA's toll-free Student Aid

SFA's ACSI Scores Compared with Government and Private-Sector Financial Services Scores



Source: OSFA

High School Counselor's Handbook



Information line (1-800-4FEDAID), and a pamphlet promoting the Web site <http://www.students.gov>. The Web site is an online gateway to a wide variety of U.S. government information and services. In addition to being informative, the *High School Counselor's Handbook* contains several one-page fact sheets that focus on specific topics, such as how to choose a school, myths about student aid, helpful Web sites, and how to avoid fraudulent student financial services.

OBJECTIVE TWO

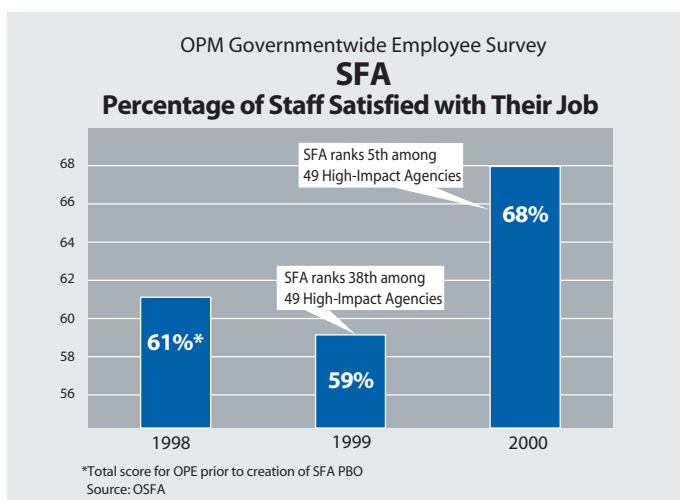
Unit Cost Reduction

- Modernization is a key mandate of the legislation that established SFA as a Performance Based Organization, and replacing old “stovepipe” computer systems is critical to SFA’s success. One step toward that goal was the retirement of the Central Data System in November 2000. This accomplishment was completed with no interruption of service and was transparent to the customer. This project will result in \$31.3 million in net savings to SFA operating costs and will eliminate redundancy across systems.
- SFA completed its first computer match with the Department of Health and Human Services; the purpose was to locate individuals who have defaulted on student loans made under Title IV of the Higher Education Act. The match was a success: SFA identified about 1 million such borrowers, along with their addresses, salaries, and employers. By law, only those individuals whose income exceeds \$16,000 are considered eligible for collection on a defaulted federal student loan. Based on this matched data, over \$2 billion has been identified for collection.
- SFA retired a portion of the Federal Family Education Loan (FFEL) system and incorporated any needed functions into its new Financial Management System (FMS). This change tightens controls over payments to guaranty agencies, makes information collection faster, and improves the automated reconciliation system. SFA also increased efficiency by eliminating redundant systems with duplicate data. This move sets the stage for the full retirement of the FFEL system in the near future, and for the new FMS to allow SFA to maintain its collection capability.
- For three days in October, 80 representatives of the higher education community—from colleges and universities, lenders, guaranty agencies, loan servicing organizations, secondary markets, student groups, and education associations—brainstormed for the most effective strategies and latest innovations that could improve the rate of student loan repayments. That meeting resulted in the production of a handbook, *Ensuring Student Loan Repayment*, which is now a model for SFA partnerships with the community. The handbook covers best practices in loan servicing throughout the life of a student loan.

OBJECTIVE THREE

Employee Engagement

- SFA jumped from 38th place to 5th place in just one year in the latest Office of Personnel Management (OPM) governmentwide employee satisfaction survey. Plus, the newest internal Employment Satisfaction Survey, administered by the Gallup Organization, showed significant progress as well. In the Gallup survey, SFA now ranks halfway between the government average and financial companies’ average for employment satisfaction in the workplace.
- SFA University designed and delivered a course on student aid traditions to all SFA employees during November and December. The one-day course presented a history of the student aid programs, including the social-environmental factors that fostered



the introduction of the current Title IV programs. SFA employees left the training with a better understanding of the legislative history of the student aid programs and the connection of the programs to SFA’s mission.

PERFORMANCE PLAN

Status at a Glance as of December 31, 2000

	Indicator ¹	Status
Students' Channel	Establish a Web portal for students to access student-related online services.	
	Create and launch a new products/services/delivery approach.	
	Launch a single, toll-free "one call does it all" number for student customer service.	
	Answer 95 % of 1-800-4FEDAID calls, and average a four rating (out of five) in weekly service survey.	
	Increase the number of FAFSAs filed electronically from 4 million last year to 5 million in FY 2001.	
	Process all paper and electronic FAFSAs in an average time of seven days or less.	
	Upgrade the Student Aid Report (SAR) for the 2002-03 school year with a plain language letter.	
	Analyze the results of the IRS Phase II statistical study of electronic matching of income data.*	
	Increase the number of borrowers repaying Direct Loans (DL) by electronic debiting to 400,000.	
	Retire Central Data System, transferring necessary functionality to other systems.	
	Process all deferment and forbearance requests within seven days of receipt at the DL Servicing Center.	
	Provide, via the DL Servicing Web site, new Spanish language deferment and forbearance requests.	
	Process loan consolidations in 50 days or less.	
	Increase the number of consolidation applications filed electronically by 50% in FY 2001.	
	Keep the default recovery rate at 10% or higher.*	
	Implement the National Directory of New Hires database matching program.*	
	Establish a program and multiyear goals to further reduce the cohort and lifetime default rates.*	
Schools' Channel	Increase oversight efforts by increasing program reviews by 20%.*	
	Educate the foreign school community about SFA program requirements to reduce noncompliance.*	
	Implement a pilot program that prevents students from falsifying enrollment at foreign institutions.*	
	Determine the initial cohort of recertification applications of foreign nonmedical schools in FFEL.	
	Keep the cohort default rate under 8%.*	
	Provide each school with a single SFA point of contact.	
	Release version 1 of the School Portal.	
	Release version 2 of School Portal.	
	Choose operating partners to assist in building common business processes and systems.	
	Develop and implement a strategy for creating a single "system" of unduplicated school data.	
	Complete 96% of reimbursement requests within 30 days.	
	Develop action plans for at least 90% of the schools on reimbursement.*	
	Resolve 93% of school audits within six months of receipt.*	
	Process 98% of the DL origination and disbursement records within two days.	
	Process 98% of the Pell funding requests from RFMS receipt through GAPS within 24 to 36 hours.	
	Migrate the Campus-Based System to a relational database for use in the 2001-02 FISAP filing.	
	Provide DL schools with the results of PLUS loan credit checks within two days.	
	Eliminate the midterm financial aid transcripts.	
	Maintain the viability and competitiveness of the Direct Loan Program.	
	Provide DL schools with the results of their online entrance counseling electronically.	
Financial Partners' Channel	Establish a program and multiyear goals to further reduce the cohort and lifetime default rates.*	
	Establish a Web portal for Financial Partners to provide one-stop access to SFA services and information.	
	Design and implement improvements to SFA's core business functions.	
	Implement and monitor at least four voluntary flexible agreements for program participation.	
	Submit a report to Congress on the viability of expanding the VFA pilot.	
	Implement a centralized processing pilot project to eliminate false death and disability claims.*	
	Complete investigative analysis on the remaining 1,300 discharges identified from the IG audit.*	
	Retire the FFEL System (Phase I).	
	Create the Data Mart (Phase I).	



Complete



On Target











































Progress Concerns



Not Met

PERFORMANCE PLAN

Status at a Glance (continued)

	Indicator ¹	Status
CIO	Achieve 90% of the annual major modernization milestones that have been approved.	
	Implement an infrastructure to support a standard branding view of all SFA data.	
	Reduce overall volume-adjusted operating costs for systems migrated to the data center by 5 percent.	
	Convert partner interfaces from a private network to the Internet.	
	Use data warehousing to provide information for management reporting and trend analysis.	
	Build the enterprise technical architecture, including Middleware.	
	Enhance the security infrastructure based upon the framework and policies developed in FY 2000.*	
	Implement configuration management for SFA initiatives.	
	Complete the SFA IT policies and procedures manual.	
	Implement three electronic ID processes and test these with customers, external partners, or SFA staff.	
	Complete the migration of the DL Servicing Center to the Virtual Data Center.	
	Publish Application Program Interface Standards for all technical services and some business services.	
	Develop the enterprise solution for electronic signature.	
CFO	Demonstrate enhanced SFA financial management.*	
	Provide full accounting capabilities for all SFA programs through implementation of the FMS.*	
	Obtain an unqualified opinion on the FY 2000 SFA financial statement audit.*	
	Enhance the activity-based costing module to track unit costs and provide quarterly managerial reports.*	
Enterprise Areas	Expand SFANet to be the transaction tool for SFA's internal business.	
	Develop and implement a national outreach campaign to promote use of key SFA electronic products.	
	Design and deliver a course on student aid traditions to all SFA employees by Dec. 15, 2000.	
	Deliver a course, "SFA Front-to-Back," that explains the processes involved in delivering financial aid.	
	Implement second-generation Ombudsman Case Tracking System (OCTS 2.0).	
	Develop feedback loops to give operating partners quarterly reports of cases specific to their unit.	
	Develop and implement a research agenda focused on collecting and evaluating program performance.	
	Implement an integrated data collection and reporting process on program data to all SFA managers.	
	Pilot individual team-based scorecards.	
	Simplify FFEL lender due diligence regulations.	
	Create an SFA program development information database.	
	Modify procedures to expedite the recruitment process.	
	Implement new employee incentives and recognition programs that support the performance plan.	
	Implement SFA Performance Development Process.	
	Implement a partnership program to establish a better relationship with SFA operating partners.	
	Assume complete responsibility for the management of all SFA acquisitions and contracts.	
	Complete adoption of performance measures to appropriate legacy contracts.	
	Ensure new contracts include consistent and value-added performance measures.	
	Increase participation of small businesses in our contracts and in subcontracts by 5%.	
	Develop an automated contract management system to interface with SFA's FMS.	
	Provide performance-based training on acquisition management to all SFA managers.	
	Implement the recommendations of the Document Quality Control Group.*	
	Test all new products or modules with actual "end-users" to identify deficiencies prior to product release.	



Complete



On Target



Progress Concerns



Not Met

*Contributes to the goal of improving the financial integrity of Student Financial Aid programs.

¹List highlights SFA's major operating goals and improvement projects.

MESSAGE

From the Chief Operating Officer

Dear Customers and Partners:

This is the first report on our ambitious list of projects that we plan to complete in fiscal year 2001. Our plan features great new products and services for students, schools, and our financial partners—products like Web portals that give our customers tailored information and transaction power any day, anytime, and services like “one call does it all” phone centers that will end the SFA Shuffle. Our new products and services are designed to increase satisfaction among our customers and the people who serve them, as well as to reduce costs for SFA.

But the stars of this year’s plan are those projects that we must complete to be worthy of trust. These projects, which cover a wide range of topics, involve integrity and are marked with stars on the “Status at a Glance.” The projects range from finishing our Financial Management System, which should result in clean audits, to adding new document quality control procedures, which should eliminate confusing and costly errors.

We are off to a great start. I am confident this year is going to be even more successful than last year.



Greg Woods



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